

Possible "return of the ploughman" makes some candidates worry

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As the election campaign has reached its final stage, and the distribution of forces seems to be clear, there is a factor that may bring substantial adjustments to the current developments of the presidential race. Pavlo Lazarenko, Ukraine's former prime minister and leader of the major opposition party, detained by American immigration officers and wanted both by the Swiss and Ukrainian law enforcement authorities on charges of money laundering, may return to Ukraine shortly. His possible arrival at the height of the election campaign has sent shivers among a number of his former allies and rivals.

A couple of weeks ago the Ukrainian parliament received a letter from Pavlo Lazarenko requesting the parliament to reconsider its agreement to his arrest. Under the current legislation, an MP may be brought to trial and arrested only with the parliament's permission, adopted by at least 226 members of the parliament. In February 1999, the parliament agreed to a repeated demand of the Attorney General of Ukraine Mykhailo Potembenko about bringing Lazarenko to trial on charges of power abuse and misappropriation of substantial budget funds. Now Lazarenko, through one of his closest supporters, chairman of the parliamentary Commission for Parliamentary Ethics and Procedure Regulations Victor Omelich, urges his colleagues in the legislature to revoke their verdict. Lazarenko and Omelich argue that only one resolution was issued to allow both bringing Lazarenko to trial and arrest, and insist on canceling the "arrest" part. While there is no mechanism that would allow MPs to call off their own agreement to bringing Lazarenko to trial, there is no stipulation in the law, explicitly prohibiting the MPs to annul the agreement for arrest.

The whole debate on the issue can be of interest only in the context of the forthcoming presidential election. The gravity of potential threat in whatever Pavlo Lazarenko has to say may be illustrated by President Kuchma's rapid reaction to the news and the remarkably prompt announcement, made by Deputy Attorney General Mykola Obikhod, that a new criminal case has been opened against Lazarenko on bribery charges and that Lazarenko would be arrested upon his arrival no matter what decision the parliament made.

Recently, the major national weekly Zerkalo Nedeli asked several leading presidential candidates about the degree of their personal involvement in facilitating Pavlo Lazarenko's prominence and downfall. The responses of three of them - top-ranking officials of the "Lazarenko time" Leonid Kuchma, Yevhen Marchuk and Oleksandr Moroz - suggest the general effort to blame competitors for assisting Lazarenko in gaining the opportunities he received after arriving to Kyiv in 1995 in the capacity of first vice prime minister.

President Leonid Kuchma never fails to remind that Mr. Lazarenko got his job in the Cabinet "after repeated and insistent requests of then head of the government Yevhen Marchuk" and argues that the reason for that insistence was Mr. Marchuk's own lack of knowledge of economics. This statement, however, does not explain why Mr. Lazarenko was considered the best person to manage the country's ailing economy.

The incumbent president defines his own attitude to the appointment as "rather complex", arguing that he was unwilling to enhance the "Dnipropetrovsk line" in the top-ranking power circle. Furthermore, he stresses that Lazarenko and himself never communicated while in Dnipropetrovsk and that Lazarenko supported his main rival for presidency, Leonid Kravchuk, in the 1994 election. During Leonid Kuchma's "Dnipropetrovsk period", Lazarenko was more senior in the communist and economic hierarchy and - according to Yevhen Marchuk who refers to a story told by Lazarenko himself - once almost caused the dismissal of Kuchma, then director of the Yuzhmash plant, who had failed to meet the Soviet state's plan for production of agricultural machinery by the Yuzhmash.

Week points in the president's version of his relations with his former prime minister and, in his day, one of the most vehement rivals for power, include awarding Lazarenko with one of the nation's most significant decorations, the Order of Yaroslav the Wise. According to Leonid Kuchma, the issue of awarding Lazarenko was largely decided by the latter's contribution to the construction of the Dnipropetrovsk subway and other achievements of an able and energetic regional "manager". However, some time after the Dnipropetrovsk subway construction was over, some US sources wrote that the construction had been financed from Ukraine's state budget funds originally allocated for different purposes.

According to Leonid Kuchma, he "did not hesitate" when Pavlo Lazarenko began to display less attractive sides of his personality, notwithstanding the efforts of Lazarenko's "defenders" in the parliament, including Oleksandr Moroz. This claim is hard to take for granted, as the period of "not hesitating" between the initial alarming signs sent by the international press and the actual resignation took several months. Mr. Moroz can hardly be suspected of having significant influence on the incumbent president. As to Lazarenko's resignation "for reasons of poor health condition", Mr. Kuchma explains that Pavlo Lazarenko "plead for it, kneeling" and argues the scale of his former prime minister's "shadow activism" was unknown then. The president refuted information about his meeting with the ex-premier that allegedly had taken place before Lazarenko fled abroad, but argued he did not exclude the possibility that Lazarenko would "confirm" the allegations.

Another presidential candidate whose own political career coincided in time with Lazarenko's streamline accent for power, Yevhen Marchuk, blames Leonid Kuchma and states he would not be surprised if the latter announced that he, Marchuk, asked for appointing Lazarenko to the position of first vice prime minister "not once, ... but twice, three times, four times..." In fact, all of the three top candidates have demonstrated a remarkable ability to predict what exactly their opponents' charges against them will be. According to Mr. Marchuk, the president did not ask his prime minister's opinion when putting Lazarenko in charge of arranging payments for Russian energy sources. Therefore, the former prime minister added, he had nothing to do with either Lazarenko's promotion or his dismissal. Oleksandr Moroz, whose reported cooperation with Lazarenko has been neither proved nor refuted, blames the incumbent president for giving too much rope to his ex-premier but launching an offensive on him once it became clear Lazarenko had his own ambitions for the presidency. Remarkably, the official approval of Lazarenko's appointment to the position of the prime minister was a rare case of agreement between the president and the parliament. Formally, Lazarenko was recommended for the job by the Council of the Regions (which, in fact, consists of heads of regional administrations appointed by the president) and supported by the unprecedented high number of members of the parliament. Then, in mid-1996, Lazarenko's appointment was backed by 344 MPs and received 23 votes more than the new 1996 Constitution. Commenting on the unusual unanimity displayed by the members of the parliament in the course of the vote on the approval of Lazarenko in the position of the prime minister, Oleksandr Moroz argued that the vote had been the result of "huge" efforts of the presidential administration and Leonid Kuchma's speech to the MPs that could be summarized as a warning: "if the Verkhovna Rada does not support the proposed candidate, this will be the most convincing illustration of its reluctance to cooperate with the President in a constructive manner". Though, Oleksandr Moroz was among several MPs who did not vote for stripping Pavlo Lazarenko of his parliamentary immunity in early 1999.

Pavlo Lazarenko's political career started in 1984, when he was appointed to the position of chairman of the Department of agriculture of a district executive committee in the Dnipropetrovsk region. Three years after he was promoted and put in charge of agriculture and the food industry at the Dnipropetrovsk regional Communist party committee. In February 1990, he was elected chairman of the Dnipropetrovsk regional Council for the Agro-Industrial Complex. Shortly afterwards he was elected to the parliament of Ukraine for a local constituency, winning a seat from a Communist career officer. Eighteen months later he was elected to the position of the first deputy head of the executive committee of the Dnipropetrovsk regional Council of People's Deputies and appointed to the position of the head of the regional Department of Agriculture.

From March 1992 to June 1994 Pavlo Lazarenko, appointed by President Leonid Kravchuk's decree, led the regional state administration as the Presidential representative in the Dnipropetrovsk region. At that time Leonid Kuchma proposed a different candidate for the position, Valery Pustovoitenko, later Mr. Lazarenko's successor in the Cabinet's top office.

In March 1994, Pavlo Lazarenko was elected a member of the 13th parliament of Ukraine for a different constituency of the Dnipropetrovsk region. Of the 89.13% registered voters who came to the polling stations, 93.16% voted for Lazarenko. Once in the parliament, Lazarenko joined the Committee for the Agro-Industrial Complex and the Yednist (Unity) deputy group. He made a substantial contribution to Leonid Kuchma's presidential victory. Combining his parliamentary activities and duties of the chairman of the Dnipropetrovsk regional Council of People's Deputies, he embarked on his political 'ascendance' in Kyiv. Fourteen months later he was appointed to the position of the first vice prime minister of Ukraine. Shortly afterwards the press quoted then Prime Minister Yevhen Marchuk as saying the following: 'I do not see the emergence of serious problems in the government [associated] with the appointment of Pavlo Lazarenko... he will be in his place... The scope of Pavlo Lazarenko's responsibilities will include, in addition to the supervision of some branches, general co-ordination of the government's activity.' In December 1996, Lazarenko told the press he had been "approached with the proposal to join the government... [by] people whom I had no moral right to

refuse..." Later on, he admitted that the proposal to work in the Cabinet had come from Yevhen Marchuk.

Pavlo Lazarenko became Prime Minister of Ukraine in June 1996, after Yevhen Marchuk was ousted for "building up his political image". Probably, his success in winning the remarkable support of the parliament upset Secretary of the National Security and Defence Council Volodymyr Horbulin, who had said on July 16, 1996 that Lazarenko would be supported only by 160 votes and, therefore, would not have enough votes to become the Prime Minister. In May 1996, Horbulin was quoted as saying that 'demands on P[avlo] Lazarenko will not be less strict ... though he is from the 'Dnipropetrovsk clan'. The "backbone" of Pavlo Lazarenko's Cabinet was formed of seven representatives of Dnipropetrovsk. In an interview given on September 10, 1996 he acknowledged: "yes, I need my people..." Answering the question about possible competition between him and Leonid Kuchma and reacting to the words the President had said on July 9, 1996 ("the Premier is not a politician, but a ploughman"), Pavlo Lazarenko told the press that he is not a politician, but a manager, and vowed to support Kuchma at the next presidential election. Commenting on his prime minister's performance, Leonid Kuchma stressed that he had "given Pavlo Lazarenko freedom in forming the government, but warned that the responsibility and consequences would be his." Subsequently, meeting the press in September 1996, Leonid Kuchma said: "I cannot say that I am completely satisfied with the formation of the government... I would like the government's program to be more concrete."

Public criticism of Mr. Lazarenko emerged in the national press in the early autumn of 1996 from member of the parliament Oleksandr Yeliashkevych: "The Premier is not an ordinary person, [he is] willful, and he needs blind performers of his will." According to Yeliashkevych, "in the Cabinet, there are practically no discussions with respect to decisions made by the government." Later on, member of the Ukrainian parliament and first National Bank governor Vadym Hetman said: "Pavlo Lazarenko was told about the importance of creating a strong economic bloc almost from his very first day as Prime Minister. Then he seemed to promise to consider that, but filled the Cabinet of Ministers with people who are absolutely unable to manage the state's economy. Within nine months, they destroyed everything that promised at least some hope for rebirth of the national economy."

Since early 1997, foreign press published a number of articles about corruption in Ukraine and depicted Pavlo Lazarenko as its "guarantor". On May 7, 1997 Ukrainian Prime Minister publicly stated that "There will be no room for corruption in the government structures... True, there are facts of corruption in all power echelons. But we are fighting this phenomenon not only by means of dismissing individual officials of the Cabinet and high-ranking bureaucrats from their positions, but by means of radical rebuilding of government structures, where there simply will be no room for corruption."

In early 1997, the President began speaking in favor of the "necessity of organizational and personnel changes in the government", stating that 'in all democratic countries, parliaments that won't adopt the budget are dissolved', and that "the Prime Minister himself stands aside the activation of working with the parliament on this issue". On March 22, 1997 Leonid Kuchma publicly stated that "the full responsibility for the absence of the 1997 budget lies on the government."

The "great purge" of the Lazarenko team began on February 25, 1997 with the dismissal of Anatoly Khorishko, accompanied by the words of Secretary of the National Security and Defence Council Volodymyr Horbulin that "there are too many questions about the Ministry of Agriculture, not only of managerial but also of moral nature", and Horbulin's comment on the dismissal of Minister of Finance Valentyn Koronevsky that "it's not enough to be just a nice guy" to occupy the position.

On May 14, 1997 Lazarenko told the press: '1997 is the critical year for our country's economy. Last year the GDP fell by almost 10%. Generally, within the recent five years, a massive annual decrease has been observed. But by the end of this year we are expecting to get a real 1% increase of the GDP. Compared to the previous year, that will be plus 11%. The "phenomenon" of the year's sharp decrease in production, observed in January, was officially accounted for by "a large number of holidays". On May 21, 1997 Leonid Kuchma was quoted as saying: "Hardly in any other country the legislature causes such a violent resistance - overt or hidden - to the economic course declared by the President in October 1994."

Pavlo Lazarenko's visit to Canada in June 1997 was not a pleasant one. According to media information, "the Canadian capital met the Ukrainian delegation with yet another unpleasant publication in the major newspaper: again about corruption, again about gas, about the UESU. Naturally, the first thing the Prime Minister was asked about was: Is there corruption in Ukraine or not?. Yes, there is, said Mr. Lazarenko, 'but I have nothing to do with corruption.'" Among reasons that nourish Ukrainian corruption, Pavlo Lazarenko named seven decades of the totalitarian regime that created specific mentality of officials and power-holders, as well as civil servants' average salary of US\$100-150. "Every week I receive five or six presidents of foreign companies. I become convinced that presently Ukraine is the most attractive for investment," he said.

Attacks of the People's Democratic Party, negative publications in the US press before Leonid Kuchma's visit to Washington and internal political contradictions acted as catalysts of Lazarenko's dismissal. "...When I was appointed to the position of head of the government, I expressed confidence that I would be the first Ukrainian Prime Minister not only to present the government's program, but also to report about its fulfillment," said Lazarenko. Though, he didn't have that chance. On June 20, 1997 the media reported that Lazarenko had been taken to hospital. His assistant Igor Hrytsyak quoted "physical exhaustion and fatigue". The Prime Minister's "illness" coincided with miners' rally at the Presidential Administration headquarters, as on March 15 Lazarenko had promised miners that 'the government will pay off the debts to miners in full and on time,' and on June 20 told them the government would start paying off its debts on July 1.

On July 2, 1997 President Kuchma signed a decree dismissing Lazarenko from his position 'on his own free will', though on December 9 the president publicly regretted he had not fired Lazarenko for power abuse.

On August 21, 1997 director of the Institute of Societal Transformation Oleg Soskin commented on real causes of Lazarenko's dismissal: "The Dnipropetrovsk clan that has been ruling Ukraine collapsed. Its leaders could not divide the profits they made on selling gas, oil, metals, coal, wheat, sugar, vodka and tobacco. Kuchma feared that Lazarenko would get the jackpot in the game and become so powerful that would be able to openly claim the first seat in the state. ...Kuchma and his team consciously undertook the operation of 'dividing the Siamese twins'. The operation caused massive loss of blood. Plus a number of suicides."

Meanwhile, Pavlo Lazarenko resumed his service as chairman of the Dnipropetrovsk regional Council of people's deputies. After a brief vacation, the Ukrainian "big politics" received a new independent powerful player. On August 30, 1997 Pavlo Lazarenko spoke strongly against impeaching the President and extending the powers of the Verkhovna Rada; he argued that after the election "everything comes back to its place." He stated it was too early to speak about running for presidency in 1999 and said: 'if one is going to run, then only with a team.' So he started making a team of his own. On September 27, 1997 he joined Hromada, a party that then numbered 17,000 members, with the words "I have a moral right to oppose" and became chairman of the party "in order to change the social model of governance that puts irresponsibility at the basis of social existence."

Two days before the new election law was adopted by the parliament, Lazarenko's Yednist grew up to 33 MPs mainly due to its new recruits from Yevhen Marchuk's Social Market Choice and the Independent factions. On September 30, Lazarenko was quoted as saying that as the leader of Yednist he would do everything possible to ensure that no changes are made to the election law before the March 1998 parliamentary elections. The faction was created mainly from Dnipropetrovsk MPs and has always operated under Lazarenko's control.

On October 13, 1997 Pavlo Lazarenko told the press conference that power-holders were fighting him and his party that had the best program of overcoming the crisis and stood "in constructive but deep opposition", and "his people" by means of various methods of removing his backers and co-thinkers. "We will not criticize political parties and their leaders," stressed Lazarenko on November 14, "that is the fate of the weak. Only a man that does not know what to do starts with criticizing his predecessor. <...> We are strong enough to go at the elections on our own, without blocking with other parties. Our task now is to create a powerful structured party of centrist orientation with city, district and grass-roots organizations." In November 1997, Hromada's youth organizations was introduced to a broader community for the purpose of "establishing a youth parliament of Ukraine, supporting independent student trade unions, transferring the property of former Comsomol and Young Pioneers' League to youth NGOs, abolition of conscription and transfer to contract military service, guarantees of state-paid university education." Hromada was the first Ukrainian party to submit 200,000 signatures necessary for registration as a collective participant of the election race; in fact, it was reported to have collected 1,300 thousand signatures. In March 1998 parliamentary elections, Hromada received 4.68% of the general vote, 24 seats and formed one of the most influential factions that effectively blocked a number of government's initiatives. Eleven months later the parliament voted to strip Pavlo Lazarenko of his parliamentary immunity. The resolution on arresting Lazarenko and bringing him to trial was supported by 310 MPs, 39 voted against it, 15 abstained, and 7 of the MPs present at the session did not vote.

Charges against Mr. Lazarenko were formulated in the special statement of Attorney General of Ukraine Mykhailo Potebenko: "On September 11, 1998, in accordance with the current law, based on the available evidence, I initiated a criminal case against member of the parliament Pavlo Lazarenko for gross stealth of state assets, illegal opening and operation of hard currency accounts outside Ukraine, using them for concealing hard currency revenues, power abuse."

According to Mr. Potebenko, "Lazarenko, while being a civil servant and occupying responsible official positions from Presidential representative, chairman of the regional council of people's

deputies, chairman of the regional state administration, to First Vice Prime Minister and prime Minister of Ukraine, is guilty of gross stealth of state funds in the amount of US\$ 2,096,237. Also, as a result of power abuse, in accordance with his orders, the amount of 964,300 UAH of state funds was spent illicitly on repairing [Lazarenko's] datcha in Pushcha-Vodytsya. Lazarenko also engaged in illegal operation of hard currency accounts abroad and concealing hard currency income worth 4, 419,194.35 Swiss Francs and US\$ 1,173,302.10." According to Mr. Potebenko, Pavlo Lazarenko started stealing state funds while occupying the position of the Presidential representative in the Dnipropetrovsk region. In September 1995, Lazarenko was appointed to the position of First Vice Prime Minister of Ukraine. In December 1995, he received one of the major national awards, the 5th-class Order of Yaroslav the Wise, from President Kuchma for his remarkable service to the state. Simultaneously, according to the report of the Attorney General, he continued his illegal activities. Instead of Conclusions Commenting on the potential impact on the election campaign that Mr. Lazarenko's possible arrival to Ukraine may have, Speaker of the Ukrainian parliament Oleksandr Tkachenko admitted that Lazarenko's return might enhance financial positions of some candidates. However, he cautiously stated the parliament would "study the issue and adopt an adequate decision", obviously understanding the damage his own image may suffer in case the parliament does revoke its own approval for Lazarenko's arrest warrant, issued by the Office of Attorney General. Some time ago, after the formation of the "Kaniv Four" election block by Oleksandr Moroz, Yevhen Marchuk, Oleksandr Tkachenko and Volodymyr Oliynyk, President Kuchma told the press that the fourth partner in the new coalition had been supposed to be Lazarenko. Pavlo Lazarenko's return before or shortly after the presidential election may be rather useful for the incumbent president's opponents - in case Lazarenko makes revelations that may be damaging for the reputation of the incumbent president or members of his "inner circle". However, the disclosure of his connection may also cause severe damage to other candidates' chances for election. According to one of the most influential Communist leaders Georgy Kriuchkov, a positive vote on Lazarenko's recent appeal may damage the reputation of the left-wingers. So far, Pavlo Lazarenko's appeal to the parliament and the promptness with which Speaker Tkachenko reacted and included the issue of the parliament's agenda proved to be handy to Leonid Kuchma, who has received yet another argument against his left-wing opponents. This suggests that a positive decision on Mr. Lazarenko's appeal to the parliament is unlikely to be made before October 31, and without it the former prime minister will hardly risk to return to this country no matter how strong his desire to make his contribution to the pre-election developments may be. As far as other players who could use Lazarenko are concerned, they are likely to leave the "Lazarenko factor" unused, as his involvement may be too unpredictable and risky for any of the presidential candidates.